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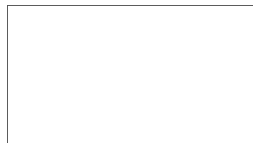
14 December 1982

NOTE TO: MajGen Richard Boverie
National Security Council Staff
Rm. 386 OEOB

FROM : Deputy Director for Intelligence

Diide -

Attached are the papers requested on
Andropov and the Soviet economy. Let
me know if there is anything further we
can do.



Robert M. Gates

STAT




Central Intelligence Agency
Office of the Deputy Director for Intelligence

14 December 1982

NOTE TO: Hugh Montgomery
Director, State/INR
Rm. 6531 New State

FROM: Deputy Director for Intelligence

Hugh —
Attached are copies of the papers on
Andropov and the Soviet economy we have
submitted to Dick Boverie at the NSC
staff.


Robert M. Gates

STAT



Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

13 December 1982

ASSESSMENT OF ANDROPOV'S POWER

Andropov's Power

General Secretary Yuriy Andropov is the most authoritative leader in the Politburo and has demonstrated impressive political power from the outset. He certainly has more strength than Brezhnev had at the beginning of his long tenure (in 1964). Andropov's status as top leader was most visible in his meetings with foreign leaders only days after he had become General Secretary. Moreover, Andropov has already been given pride of place in protocol rankings and in leadership listings, and a few officials have begun to refer to him as the "head of the Politburo," an accolade given to Brezhnev several years after he was named General Secretary.

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The Politburo's decision to promote Andropov almost certainly reflected an informal understanding at least among a core group of members that the country needed a strong leader, that Andropov was best qualified to assume the post, and, more importantly, that Chernenko -- his chief rival and Brezhnev's choice -- was weak and unacceptable. Andropov undoubtedly exploited such negative views of Chernenko in his successful efforts in May to maneuver his way back into the Secretariat in order to become a major contender in the succession sweepstakes. While Brezhnev's patronage gave Chernenko some obvious advantages in this contest, this strength was not institutionalized and evaporated with Brezhnev's death. The speed of Andropov's ascendancy reflected a leadership desire to project an image of decisiveness abroad and avoid any

This paper was prepared by the Policy Analysis Division, Office of Soviet Analysis. Comments and queries are welcome and may be directed to the Chief, Policy Analysis Division,

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[redacted]

signal of conflict and political paralysis, not a prearranged decision made last May when Andropov entered the Secretariat. Chernenko's own visibility and activity in recent months suggest that the contest remained open while Brezhnev was alive. [redacted]

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The Lineup

We do not know how various Politburo members actually voted in the Andropov-Chernenko contest or even whether a formal vote was taken, but Moscow rumors, [redacted] leadership status indicators, and informed speculation provide the basis for a reconstruction of the likely lineup. At a minimum Andropov seems to have had strong backing from Defense Minister Ustinov, Foreign Minister Gromyko, and Ukrainian party boss Shcherbitskiy. With their political fortunes still ahead of them, the two youngest Politburo members -- party secretary Gorbachev and Leningrad First Secretary Romanov -- may have joined this strong coalition as well, at least on this vote. Chernenko probably received support from the two Brezhnev loyalists -- Prime Minister Tikhonov and Kazakhstan First Secretary Kunayev. Grishin, the Moscow party chief, may have joined this group possibly in hopes of becoming a compromise choice. Octogenarian Arvid Pelshe was very likely too sick to play a role in the decision. For his part Chernenko apparently did not fight the decision to the bitter end, opting instead to close ranks behind Andropov and preserve his position as "second" secretary, a strategy that for the present has been successful. Only Grishin -- to judge from his slippage in protocol -- seems to have fought excessively and suffered for it. [redacted]

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Andropov, thus, has institutional support where it counts. The national security apparatus, particularly the military-industrial complex and the KGB, is behind him. Such backing gives him added room for maneuver but, at least in the case of the military, cannot be taken for granted. He will, in addition, need to strengthen his position within the party apparatus. He lacks a strong regional base and must depend on officials whose careers he has had little influence in shaping. [redacted]

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Opportunities and Flexibility

Andropov, nonetheless, has come to power with what seems to be solid backing and without resorting to a major political bloodbath. This situation has allowed him to assume a more

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authoritative stance in the leadership than Stalin, Khrushchev, or Brezhnev did at a comparable point in these successions. His promotion has given a new momentum to leadership decisionmaking. Indeed, for the first time in years the Soviets have a leader who puts in a full day [REDACTED]

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[REDACTED] From what we can tell, his colleagues recognize and value his ability and perceive him to be intelligent. They know from his tenure as KGB chief that he can be counted on to be decisive in preserving the party's legitimacy and social order. They probably expect him -- within limits -- to be a bold, forceful leader, and they are likely to give him some room to be such. As a result, he is probably in a strong position to influence and lead the Politburo consensus. [REDACTED]

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Andropov seems to be in a particularly good position to chart the course of Soviet foreign policy. He has considerable experience and knowledge in this area and is obviously inclined to take an active role. Foreign policy initiatives, moreover, have the potential for producing beneficial results more quickly than changes in domestic policy, a matter of considerable importance for a leader who wants to build his power. He is not as likely, in addition, to encounter the sharp factional infighting and debate that occurs over proposals for domestic shifts, particularly in economic management. [REDACTED]

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This situation effectively means that the Soviet Union will not be paralyzed in the foreign policy arena. Andropov has room for maneuver here and can be expected to propose initiatives and respond to those from abroad he deems serious. In doing so, however, Andropov will rely heavily on two of his colleagues on the Defense Council, Defense Minister Ustinov and Foreign Minister Gromyko, for advice. He would certainly need their support to get the Politburo's assent to a major shift in Soviet foreign policy or to make major modifications in arms control negotiations with the US. Andropov will probably count on his personal and political alliance with Ustinov and apparently good working relationship with Gromyko to help create the Politburo consensus required for important departures. [REDACTED]

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It seems likely that the three have been key figures in formulating the Soviet foreign policy line pursued in Brezhnev's last years. [REDACTED]

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[REDACTED] As long as they remain united the Politburo is likely to follow their lead. If, [REDACTED]

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on the other hand, there are significant disagreements between them on future foreign policy steps or tactics, Andropov would not be likely to force the issue at least in the near term.

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Constraints

This flexibility on foreign policy, nonetheless, does not mean that he has carte blanche from the Politburo. While he can lead and shape the consensus, he is still bound by it. The Politburo remains a collegial body and its current membership is not beholden to Andropov nor under his thumb. Andropov is indebted to many of his Politburo colleagues, particularly Ustinov, and is dependent on their collusion and support until he can reshape the Politburo, a process that could take several years.

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Andropov's colleagues are evidently trying to hold back his advance. The failure to name a replacement for Brezhnev as Chairman of the Presidium of the Supreme Soviet indicates conflict. The personnel changes (Aliyev, Komsomol, propaganda organs, Council of ministers) made since Andropov became party chief while almost certainly endorsed by him, seem to have served many interests within the leadership (Ustinov, Chernenko) as well. Even if Andropov is named Soviet President at a scheduled session of the Supreme Soviet on 21 December (a better than even possibility), he must still push through even more politically important personnel shifts in the Politburo and Secretariat to fully consolidate his position and to dominate policy.

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The collective restraint on Andropov is likely to be particularly evident in domestic policy. While the entire leadership is undoubtedly committed to solving Soviet economic problems as a top priority, consensus on what the solution should be has not been reached. Economic issues are inherently political, complex, and controversial. The bureaucratic obstacles to significant changes in economic management are immense. Andropov is probably generally knowledgeable about the economy and is certainly well informed about issues affecting internal security, but he has little personal experience in economic management and his closest supporters are more concerned with foreign and security policy. No one, moreover, as Andropov emphasized to the Central Committee, has all the solutions to the country's economic difficulties. As a result, he is likely to move cautiously in this area -- a strategy he said was needed in his plenum speech.

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Domestic and Foreign Policy Linkage

Significant movement toward resolving the nation's economic problems might, in fact, require Andropov to achieve some relaxation of tensions with the US on China or both. Only by doing so can he justify to his colleagues and the military some reallocation of resources from defense to investment, an essential step in any plan to address the country's economic problems. In this regard, the next two years are particularly crucial for Andropov and the Politburo. The planning cycle for the 12th Five Year Plan -- 1986-1990 -- is already underway. [redacted]

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[redacted] the Soviet military's assessment of the external threat is an essential element in this cycle and will be formally developed during 1983. The Politburo in 1984 will act on this military assessment in allocating resources for the next five year defense plan. This will be the new Politburo's first formal and comprehensive ordering of internal priorities between economic investment and defense procurement. Without reduction in international tensions, which some in the military such as Chief of the General Staff Ogarkov, contend are exceedingly high, the rate of defense growth will be politically hard to reduce. Failure to reduce defense spending, nonetheless, will make it very difficult to solve Soviet economic problems and will over the long run erode the economic base of the military industrial complex itself. [redacted]

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Advisers

Andropov will also get advice from his own staff of foreign and domestic aides. He is now assembling his team, and a few have already been publicly identified. [redacted]

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In addition to the formally identified group of personal aides to Andropov, the new party leader will likely tap three old associates on an ad hoc basis: Georgiy Arbatov, director of the Institute of the USA and Canada, Aleksandr Bovin, a Brëzhnev speech writer, and Fedor Burlatskiy, an expert on China and

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public opinion. All three worked for Andropov in the 1960s when he was the party secretary responsible for Communist Bloc relations. These men are knowledgeable, sophisticated observers of US policy and have been identified with Brezhnev's detente strategy, but their actual influence on Andropov is not known. []

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Prospects

On balance, the speed with which the new General Secretary was appointed, his assertion of a leading role in foreign policy, and the self confident statements of Andropov and Ustinov on international issues reflect real strengths and potential flexibility on Soviet policy that were not present in Brezhnev's final days. While there are bureaucratic obstacles to significant changes in economic management, there does seem to be general agreement on the need for action and this will provide some receptivity to specific proposals as long as they preserve party power. Additionally, the improved leadership ranking of the key actors in national security affairs (i.e., Andropov, Ustinov, and Gromyko) and the clouds on the international horizon for the USSR provide the necessary consensus and incentive for change and flexibility in foreign affairs. []

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During previous succession periods in the 1950s and 1960s, for example, there were definite new departures in foreign policy. In the fifties, the Soviets ended the Korean war, signed a peace treaty accepting Austrian neutrality, reopened diplomatic relations with Israel, called off disputes with Greece and Turkey, and moved towards summitry with President Eisenhower. They also made their first moves to counter Western influence in the Third World. In the sixties, the Soviets developed a policy of selective detente with France, then slowly did the same with West Germany, before turning to improved relations with the US. Partly in response to worsening relations with China, the Soviets also pressed for a series of arms control measures that led to the nonproliferation treaty and SALT I. At the same time, they began the buildup on the Sino-Soviet border, gave impetus to a massive Soviet arms program, and began aiding North Vietnam's effort to take over the South. []

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The new leadership has already taken pains to reaffirm the broad outlines of Brezhnev's foreign policy and to signal the importance of improved ties with the US. Andropov's decision to meet with Vice President Bush and Secretary of State Shultz within hours after Brezhnev's funeral indicated the Kremlin's interest in some normalization of US-Soviet relations. In view of the prospect of an enhanced US strategic challenge in this decade, there appears to be ample incentive for Andropov to try to curb new US arms program and particularly to prevent or at

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least delay the deployment of INF. The specter of Pershing-II in the FRG and the attendant threat to Soviet strategic forces and command and control capabilities could lead to new initiatives in the INF negotiations as well as to build European opposition to INF deployment. Gromyko's visit to Bonn next month -- would provide a convenient forum for such an initiative. [redacted]

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The Gromyko visit provides an opportunity not only to put the US on the defensive but to increase divisions between the US and its NATO allies. Gromyko will lobby for increased Soviet-West European cooperation and trade, which provide political as well as economic benefits for the Soviets. The removal of US sanctions imposed after Afghanistan and the steady return to normalcy in Poland will add to the credibility of Gromyko's brief in Bonn. [redacted]

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The inability to effect some visible reduction of tensions with the US will generate even greater interest in Moscow to improve Sino-Soviet relations and to exploit differences between Washington and Beijing. The Soviets clearly do not want continued antagonism on "two fronts" at a time of more assertive US policies, a mounting US defense effort, and ever increasing economic problems at home. For these reasons, the Soviets have sufficient incentive to entertain a unilateral move that would include withdrawing a division or two from the Sino-Soviet border or Mongolia in addition to thinning out various units in the area. [redacted]

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Although the reduction of force in any area would be highly controversial within the Soviet military, it would probably create the greatest geopolitical payoff if Moscow were able to do so in Afghanistan. Any significant diminishing of the Soviet military role there would offer considerable potential rewards:

- removal of a key obstacle to improved relations with both the US and China,
- termination of a source of embarrassment in the entire Islamic community,
- earlier dealings with key European actors as well as India, and
- savings in both lives and treasure at home. [redacted]

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Elsewhere, continuity appears to be the order of the day. Continued fighting between Iran and Iraq as well as the loss of credibility in the wake of the Israeli invasion of Lebanon add up to rather bleak short-term options in the Middle East. There are

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no likely targets of opportunity in South America at this juncture, and the Soviets will probably be content to pursue their gradual and incremental strategy in Central America. In Africa, the Soviets will concentrate on complicating the Namibean talks in which the Soviets also find themselves as odd man out. They also will be alert to opportunities in southern Africa -- such as in Mozambique -- to expand their (and especially the Cuban) presence. Senior Politburo member Grishin's anniversary speech earlier this month, which reaffirmed Soviet support for Cuba and Vietnam, argues for continued activism on behalf of Moscow's most important clients in the Third World. [REDACTED]

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These Soviet priorities suggest areas for US pressure and/or blandishment that could have an impact on Soviet ability to improve their international position. Indeed, Andropov must realize that the US is well placed in certain respects to challenge the international position of the USSR and to exploit Moscow's fear of the specter of encirclement.

- The US could play the role of spoiler in the Sino-Soviet-US triangle by holding out to the Chinese the promise of increased defense cooperation, expanded technological ties, and a more equivocal position on Taiwan.
- US willingness to modify the "zero option" at INF would preempt Soviet initiatives in this area and might help sustain support for US deployments in Western Europe (although such modifications might have other, less desirable consequences).
- The mere perception of US pressure on Israeli and South Africa to become more conciliatory would enhance Washington's prestige and leverage in the Middle East and Southern Africa and commensurately reduce Soviet influences. [REDACTED]

Conversely, the US is in a position to offer to Moscow some restoration of the centrality of Soviet-American relations that would enhance Moscow's international position and ameliorate Moscow's economic problems.

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- There are several economic initiatives open to the US, particularly some easing up of limits on credits and technology transfer.

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- Notwithstanding recent Soviet references to strengthening defense, Moscow would like to prevent a major US arms buildup, which they would be hard-pressed to match right now and sees arms control as the best way to achieve this.
- Less acrimonious atmospherics and a dialogue with the US on Third World trouble spots would also be attractive to Moscow, although past experience strongly suggests they would not alter their behavior. [REDACTED]

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The Soviets have already suggested that they are looking for ways to restore the notion of the centrality of Soviet-American relations in international affairs, and presumably realize that some relaxation of tensions would ease the problems of making their own choices on future allocation of resources as well as the pressure from the national security apparatus for increased military spending. The rise in stature for Andropov, Ustinov, and Gromyko suggests the emergence of a consensus on national security issues in general and the prospect of some flexibility on specific issues. Such putative critics of Andropov as Chernenko and Grishin would probably support the triumvirate's efforts to improve relations with the US in view of their earlier support for Brezhnev's detente and arms control initiatives. The key role will be played by Ustinov who appears to be in a position to block those initiatives that do not protect the equity of the military. [REDACTED]

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